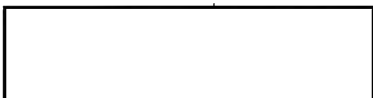


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NRO REVIEW COMPLETED

26 May 1966

MEMORANDUM FOR: Director of Special Activities

SUBJECT: FY 67 NRO Budget Discussion

1. A meeting was held in the DD/S&T Conference Room, starting at 1100 on 25 May 1966, with

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in attendance. The purpose of this meeting was to receive a wire brushing from on our FY 67 budget proposals. This main objective was accomplished prior to completion of the meeting.

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2. We were handed copies of 26 questions which we were to answer on the OXCART program. A copy of these is attached. A secondary purpose was to discuss the breakout of the FY 66 Pratt & Whitney expenses amongst the programs. This was accomplished. A third purpose was to receive a concurrence for continuation of contracts into FY 67 and the funds necessary to accomplish this act. This was not accomplished.

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3. At the onset, the undersigned requested to allow the expenditure of FY 67 funds up to approximating 50% of the proposed budget, so that a continuity of contracts could be maintained through the end of the fiscal year. This question was rephrased at three different times, and a concise, clear answer was never received from The closest I could come to an answer was that the initial approvals should arrive here some time around 15 June. I was given a pre-initial approval of funds for Lockheed, Pratt & Whitney, Pilots, and the Construction and O&M line items of our 67 proposal for OXCART.

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4. Items where there have already been specific cuts are as follows:

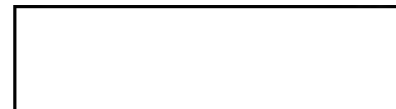
a. If we propose the purchase of [] engines, [] would be too large a number to support the OXCART vehicles. No specific number was given as being reasonable, but we were advised to review very carefully the number we felt were required to support the future OXCART program.

b. Under Lockheed Service Contracts, he specifically took issue with Category F, Operational Crew Support, and insisted that [] rather than [] were sufficient to man one aircraft. I was not able to find out the logic behind this assumption, other than, "I think that is all that you need."

c. Specific exception was taken to the overhaul contract for the Pratt & Whitney engines. Ours was based on 2400 flying hours per year. This was obviously an error, as we included 360 hours of aircraft #124, and further, it is not realistic to expect that we will fly a full 2400 hours. Therefore [] [] refigured that we would fly 1614 hours, less 240 of #124, for a total of 1374 flying hours. Doubling this, we arrived at 2748 engine hours, and assuming 100 hours as the TBO, we arrived at 28 overhaul for the OXCART engine, and 12 additional were allowed for premature failures and as a hedge against achieving 100 hours TBO. This of course called for a major cut in contracts []

5. A lengthy discussion was held as to the advisability of program budgeting by flying hours, aircraft on hand, or whims of the pencil pusher. It was suggested that we go on a flying hour basis for FY 68. We agree this would be nice if we have sufficient historical information so that realistic forecasts can be projected, but it is felt that this will not be achieved prior to the submission of the FY 68 detailed budget.

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6. The Type II camera costs were questioned, and we indicated that there was a good probability of a camera decision around 30 September, but if not, we would advise him and give him a renewed date.

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7. A major discussion and presentation was given to on FY 66 Pratt & Whitney expenses vs. funding. The outcome of this major discussion was that the would obligate 100% of their budgeted funds, and the OXCART program would be the swing account to receive the fruits of the excess funds available. These funds would not be obligated at this time for any purpose, but would be held for use in FY 67 as needed by approved programs, or in lieu of this, would be applied to the Pratt & Whitney contract to put this contract on an obligation or full-funding basis at the end of FY 67.

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8. I received, as expected, a very detailed needling on the operations and maintenance costs and the costs for the shuttle service. We went into many details, and I don't think I won the discussion. As of now, I advised that I would give him complete details on the cost of the shuttle service in an attempt to receive full funding.

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9. We were given some initial approvals, and these are as follows:

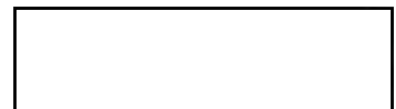
<u>Category</u>	<u>67 Request</u>	<u>67 Initial Release</u>
LAC Service Contract		
P&W Engine Support		
Pilots		
Construction		
O&M		
Fare Haul		
Shuttle Service		

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10. hastened to assure me that rebuttals would be in order if we could disprove his thoughts on requirements for FY 67. I hastened to assure him that I would rebut several of these categories, and I would give full details as to logic behind my assumptions.

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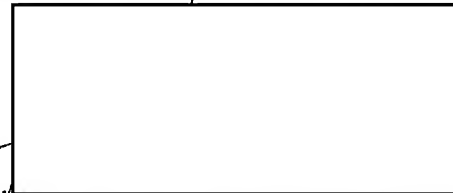
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11. The other portions of the OXCART budget, the IDEALIST and other attachments have not been wire brushed by the NRO, and we can probably expect a paper on or about the 15th of June giving initial approvals.

12. It was interesting to note that  seemed quite worried as to the outcome of his bout with Mr. Bill Thomas of the BoB, scheduled in September. You may remember he made note in his proposal request that we insure that we have airtight cases for continuing not only the subsystems, but the whole OXCART project. I make note at this time that all interested parties should start preparations for justifying completely each penny that they have requested in the budget, and that they stand ready to support the Programs Staff during July and August in the preparation of this budget presentation to the BoB. The seriousness of this presentation cannot be overemphasized, and I feel that the future of the OXCART as a program is in jeopardy at this time.

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Acting Chief, Programs Staff
(Special Activities)

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Attachment:

Questions to Agency - 6 pages

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PS/OSA  (26 May 66)

Distribution:

- Cy 1 - D/SA w/att
- Cy 2 - D/TECH/OSA w/att
- Cy 3 - D/FA/OSA w/att
- Cy 4 - C/CD/OSA w/att
- Cy 5 - C/MD/OSA w/att
- Cy 6 - C/C&FE/OSA w/att
- Cy 7 - C/SD/OSA w/att
- Cy 8 - C/OXC/OSA w/att
- Cy 9 - B&F/OSA
- Cy 10-RB/OSA w/o att
- Cy 11- PS/OSA w/att
- Cy 12- PS/OSA w/att

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